

This Instrument Prepared By:
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**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS,
OF CHESNUT VILLAGE**

This Declaration of Covenants, Conditions and Restrictions is hereby made by Chesnut Village, LLC, a Florida limited liability company, whose mailing address is 4056 W. Newberry Road, Gainesville, Florida 32807.

WITNESSETH:

Chesnut Village, LLC is the owner in fee simple of the property described in **Exhibit "A"** attached hereto and made a part hereof (the "Property"); and

Chesnut Village, LLC for purposes of this Declaration will be the Declarant; and

Chesnut Village, LLC intends, but shall not be required, to develop the Property as a residential community and to construct homes upon the property described in **Exhibit "A"**, provided that in any event such construction will be subject to the covenants, conditions, restrictions, reservations, easements, liens and charges hereinafter set forth.

NOW, THEREFORE, Declarant does hereby declare that the property described in **Exhibit "A"** shall be held, sold, conveyed, leased, mortgaged and otherwise dealt with subject to the protective covenants, conditions, restrictions, reservations, easements, liens and charges as hereinafter set forth, all of which are for the purpose of enhancing and protecting the value, desirability and plan of development for the same. Said covenants, conditions, restrictions, reservations, easements, liens and charges shall run with the real property described in **Exhibit "A"**, and shall be binding upon all parties having and/or acquiring any right, title or interest in said property or any portion thereof, and shall inure to the benefit of each and every person or party, from time to time, owning or holding an interest in said Property.

ARTICLE I

DEFINITIONS

The following words and terms when used in this Declaration or any supplemental declaration hereto or any amendment thereto (unless the context shall clearly indicate otherwise) shall have the following meanings:

Section 1. “Articles” mean and refer to the Articles of Incorporation of Chesnut Village Community Association, Inc., a not-for-profit Florida corporation, attached hereto as **Exhibit “B”**, and all exhibits which are attached thereto and made a part thereof, and shall include such amendments, if any, as may be adopted from time to time pursuant to the terms thereof.

Section 2. “Association” means Chesnut Village Community Association, Inc., a not-for-profit Florida corporation, its successors and assigns.

Section 3. “Builder” means any person or entity that purchases more than one Lot from the Declarant or another third party for the purpose of constructing Homes on such Lots for sale to third party purchasers. “Builder” specifically includes, but is not limited to, D.R. Horton, Inc., a Delaware corporation.

Section 4. “Bylaws” mean the Bylaws of Chesnut Village Community Association, Inc., attached hereto as **Exhibit “C”** and all exhibits attached thereto and made a part thereof, and shall include such amendments, if any, as may be adopted from time to time pursuant to the terms thereof.

Section 5. “Common Area” is the property owned by or dedicated to the Association for the common use and enjoyment of the Members and all improvements constructed thereon and such other property as determined by Declarant, in its sole and absolute discretion, which may include entrance features, perimeter fences or wall, street lighting, community roads which are not public roads, signage, landscape buffers, open space, irrigation, wetland conservation areas, and Surface Water Management Systems.

Section 6. “Community” or “Chesnut Village” means the planned community planned for development upon the property described in Exhibit “A” or any property annexed as provided herein; the said being within Alachua County, Florida.

Section 7. “County” shall mean Alachua County, Florida.

Section 8. “Declarant” means Chesnut Village, LLC, a Florida limited liability company, or any successor of Declarant who may be assigned all or a part of the rights and obligations of Declarant pursuant to a written assignment executed by Declarant and recorded among the Public Records of Alachua County, Florida. If Declarant assigns only a portion of its rights and obligations as Declarant hereunder to an assignee, then the term Declarant as used in this Declaration shall mean such assignee only when necessary to give such assignee the rights and obligations of Declarant hereunder which were assigned to such assignee to the same extent as if such assignee had been the original Declarant, and said assignee shall not have any of the rights and obligations of Declarant hereunder which were not specifically assigned to such assignee. A-Investments Development Corporation shall remain the Declarant for the purposes of this Declaration even if a partial assignment of its rights have otherwise been assigned to another party.

Section 9. “Declaration” means this instrument, together with the Exhibits attached hereto and made a part hereof, and shall include such amendments, if any, as may be adopted from time to time pursuant to the terms hereof.

Section 10. “Development Period” means the period of time until the Declarant has sold the last Lot within the Property or any property annexed to the Property and becoming a part of the Property as provided herein to a third party purchasers other than Builders.

Section 11. “Governing Documents” means the Declaration, Articles, Bylaws, Rules and other documents governing the administration and operation of the Community.

Section 12. “Home” is a single family dwelling constructed upon and including a Lot.

Section 13. “Institutional First Mortgage” is a mortgage executed in favor of an Institutional First Mortgagee, which mortgage is a first and prior mortgage encumbering a Home.

Section 14. “Institutional First Mortgagee” is a bank, federal savings bank, and loan association, any insurance company, pension fund, real estate trust, Federal National Mortgage Association or its assigns, Federal Home Loan Mortgage Company or its assigns, or any other party engaged in the business of mortgage financing, which owns or holds a first and prior mortgage encumbering a Home, and shall include any corporate subsidiary of such entity.

Section 15. “Lot” is a designated lot within the property described on the Plat or any property annexed thereto and becoming a part of the Property conveyed or to be conveyed to an Owner upon which there has been constructed or will be constructed a Home.

Section 16. “Member” is every person or entity who is a Member in the Association by ownership of a Lot or as otherwise provided herein in accordance with Article IV, Section 1 and the Bylaws.

Section 17. “Owner” is the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those parties having such interest merely as security for the performance of any obligation.

Section 18. “Open Space Management Plan” shall mean the plan approved by the County for the operation and maintenance of natural, recreational, and Common Area within the Subdivision designed and intended to be used in common by the owners, residents and tenants of the Property.

Section 19. “Plat” is the Plat of Chesnut Village recorded in Plat Book 130, Page 192 of the Public Records of Alachua County, Florida, as the same may be amended from time to time. The term Plat shall also include any additional plats or re-plats of property subsequently added to the terms of this Declaration.

Section 20. “Permit” shall mean the Environmental Resource Permit or other permits issued for Surface Water Management System Facilities (hereinafter defined) by the WMD (hereinafter defined).

Section 21. “Property” is the property described in **Exhibit “A”**, and such additions thereto as may hereafter be brought within the jurisdiction of the Association and subject to the terms of this Declaration.

Section 22. “Rules” are collectively the rules and regulations which the Board of Directors of the Association may promulgate or impose and thereafter modify, alter, amend, rescind and augment any of the same with respect to the use, operation, and enjoyment of the Property, though excluding the Common Area, and any improvements located thereon.

Section 23. “Surface Water Management System” shall include, but are not limited to, all the following surface water management facilities: all inlets, ditches, swales, culverts, water control structures, retention and detention areas, ponds, lakes, floodplain compensation areas, wetlands, and any associated buffer areas, and wetland mitigation areas. The Surface Water Management System facilities are located on land that is owned by or dedicated to the Association, or located on land that is subject to an easement in favor of the Association and its successors.

Section 24. “SJRWMD” or “WMD” shall mean and refer to the St. Johns River Water Management District.

The foregoing definitions shall be applicable to this Declaration and to any supplemental declaration hereto or any amendment to this Declaration, unless otherwise expressly provided herein or therein.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Legal Description. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in the County, and the property described in **Exhibit “A”**, and such additions as may hereafter be brought within the jurisdiction of the Association and subject to the terms of this Declaration, less the portions thereof dedicated and/or conveyed to other entities.

Section 2. Application of Declaration. The Property shall be held, transferred, sold, conveyed and occupied subject to the terms and conditions of this Declaration, and any and all supplements and lawful amendments hereto and any and all supplements and lawful amendments thereto. By receipt of delivery of a deed to any of the Property or other instrument evidencing ownership, whether or not it shall be so expressed in any such deed or other conveyance or adjudication, each Owner hereby agrees to abide by and accept title to such portion of the Property and all terms and provisions of this Declaration. The filing of this Declaration and subjecting the Property to the covenants, conditions, restrictions, reservations, easements, liens and charges contained herein shall not be construed in any way as inhibiting or prohibiting the Declarant from conveying the Lots or improvements within the Property to third parties free and clear of any covenants, conditions, restrictions, reservations, easements, liens and charges, except for those specifically provided for in this Declaration. Lots so conveyed by the Declarant to third parties shall be used and held by said third parties in accordance with this Declaration.

Section 3. Additional Property. Additional property may become subject to this Declaration or be withdrawn from the terms of this Declaration in the following manner:

(a) Annexation Without Approval of Class "A" Membership. As the owner thereof, or if not the owner, with the consent of the owner thereof, Declarant shall have the unilateral right, privilege and option, from time to time at any time to annex, subject to the provisions of this Declaration and the jurisdiction of the Association, all or any portion of the real property described in a Supplemental Declaration. Such Supplemental Declaration shall not require the consent of the Members. Any such annexation shall be effective upon the filing of record of such Supplemental Declaration unless otherwise provided therein. Declarant shall have the unilateral right to transfer to any other person said right, privilege, and option to annex additional property which is herein reserved to Declarant, provided that such transfer or assignment is memorialized in a written, recorded instrument executed by Declarant.

(b) Annexation With Approval of Class "A" Membership. Subject to the consent of the owner thereof, after the expiration of the Class B Membership the Association may annex additional real property to the provisions of this Declaration and the jurisdiction of the Association. Such annexation shall require the affirmative vote of not less than sixty-seven (67%) percent of the Class "A" Members of the Association. Annexation shall be accomplished by filing of record in the public records of the County, a Supplemental Declaration describing the property being annexed. Any such Supplemental Declaration shall be signed by an authorized officer of the Association, and by the owner of the property being annexed, and any such annexation shall be effective upon filing unless otherwise provided therein. The relevant provisions of the Bylaws dealing with regular or special meetings, as the case may be, shall apply to determine the time required for and the proper form of notice of any meeting called for the purpose of considering annexation of property pursuant to this Section and to ascertain the presence of a quorum at such meeting.

(c) Acquisition of Additional Common Area. Declarant may convey to the Association additional real property, or any interest therein, improved or unimproved, and upon conveyance or dedication to the Association the same shall be accepted by the Association and thereafter shall be maintained by the Association at its expense as a Common Area for the benefit of all of its Members. Annexation of additional property or future development phases of the Community, if annexed herein, may result in additional Common Areas being owned and maintained by the Association and conveyance of Common Areas therein shall not require the consent of any other Owner or Builder.

(d) Withdrawal of Property. Declarant shall be entitled to withdraw portions of the Property owned by Declarant from the terms and conditions of this Declaration, subject to the terms and conditions of this Section. For purposes of this Declaration, the portion of the Property withdrawn from the terms hereof shall be referred to as the "Withdrawn Property." In order to withdraw such portion of the Property from the terms of this Declaration, Declarant shall record in the Public Records of the County an instrument executed with the formalities of a Deed, which instrument shall make reference to this Declaration, state that the purpose of the instrument is to withdraw the Withdrawn Property from the terms and conditions of this Declaration, and contain a legal description of the Withdrawn Property. Declarant shall have the right to withdraw portions of the Property from the terms and conditions of this Declaration

without the joinder, ratification or approval of the Association, any Owner, or any lienholder, provided that Declarant is the fee simple owner of the Withdrawn Property, and provided that the withdrawal of the Withdrawn Property shall not result in a material change to the scheme of development of the Community. Upon the withdrawal of the Withdrawn Property from the terms and conditions of this Declaration, the Withdrawn Property shall no longer be subject to the terms of this Declaration, including all exhibits hereto, or any other covenants, restrictions and/or regulations provided herein or adopted hereunder, except for those easements, rights-of-way, or other portions hereof which, by their terms, specifically survive the termination of this Declaration, which shall include the withdrawal of such lands from the terms and conditions of this Declaration.

(e) Amendment. This Article II, Section 3 shall not be amended without the prior written consent of Declarant during the Development Period or so long as the Declarant holds Lots for sale in the ordinary course of business.

ARTICLE III

MEMBERSHIP

Section 1. Membership. Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot which is subject to the covenants, conditions, restrictions, reservations, easements, liens and charges, of this Declaration, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation. No Owner shall have more than one membership for each Lot owned. Membership shall be appurtenant to a Lot and may not be separated from ownership of the Lot. Ownership of a Lot shall be the sole qualification for membership. The Owner of record of each Lot shall be subject to assessment by the Association, as hereinafter provided, and shall be subject to enforcement by the Association in accordance with the terms and provisions of this Declaration.

ARTICLE IV

VOTING RIGHTS

The Association shall have two (2) classes of voting membership:

Class A. Class A Members shall be those Owners defined in Article III with the exception of the Declarant until the expiration of the Class B Membership. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership by Article III. When more than one (1) person or entity holds such interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B Member shall be the Declarant, Chesnut Village, LLC, its successors and assigns. The Class B member shall be entitled to three (3) votes for each Class A Member vote, provided that the Class B membership shall cease and be converted to Class A

membership on the happening of any of the following events, whichever occurs earlier, or as otherwise required by Florida law:

- (a) Three (3) months after ninety (90%) percent of the Lots have been conveyed to third-party purchasers; provided, however, this event shall be deemed not to have occurred if a Lot is conveyed to a Builder who becomes a successor Declarant by assignment of the original Declarant's rights; or
- (b) Thirty (30) days after Declarant elects to terminate the Class B Membership; or
- (c) As otherwise required by applicable law.

Upon the conversion of the Class B membership to Class A membership, the Declarant shall be entitled to one vote for each Lot they own in the same manner as all other Class A Members.

ARTICLE V

PROPERTY RIGHTS

Section 1. Membership Easements of Enjoyment. Every Member shall have a right and easement of enjoyment in and to the non-exclusive use of the Common Area, and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association, in accordance with its Articles of Incorporation and Bylaws, to borrow money for the purpose of improving the Common Area, and in aid thereof to mortgage said Common Area; provided, the rights of such mortgagee in said Common Area shall be subordinate to the rights of the Owners hereunder; the right to mortgage the Common Area provided herein shall not become effective until a Home has been constructed upon each Lot within the Property and each Lot has been conveyed from the Declarant or a Builder to a purchaser. No such rights to mortgage shall be effective unless approved by a vote of two-thirds (2/3) of the Members at a duly noticed meeting for the purpose of approving such mortgage.

(b) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes, and subject to such conditions as may be agreed to by the Members. No such dedication or transfer, shall be effective unless approved by a vote of two thirds (2/3rds) of the Members at a duly noticed meeting and the votes of the Class B membership, if any, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every Member not less than thirty (30) days nor more than sixty (60) days in advance of the duly called meeting at which the vote on such dedication or transfer is held;

(c) The right of the Declarant or the Association to establish, from time to time, certain easements over the Common Area for utilities, broadband communications, cable television and other common services purposes;

(d) The right of the Association to charge reasonable fees for the use of designated facilities (if any) on the Common Area and to temporarily close facilities for repair or maintenance;

(e) Existing easements and agreements of record and those easement granted by the Declarant or the Association in accordance herewith, including without limitation private access easement granted to the Association for the use and benefit of the Members, their guests, tenants, and invitees, if any; and

(f) Easements referred to in Article X hereof;

(g) The right to the use and enjoyment of the Common Area and facilities, once construction has been completed thereon, shall extend to all Members and their family, tenants, contract purchasers and invited guests, provided there is delegation of the right of enjoyment in accordance with the Bylaws and subject to regulation from time to time by the Association in its Rules;

(h) Access to certain Common Area within the Property may not be obtained from an Owner's or Member's Lot or other Common Area or publicly dedicated streets or properties. Thus, to obtain access to certain Common Area for which access cannot be obtained from the Owner's or Member's Lot, other Common Area or publicly dedicated streets or properties, the Owner or Member shall need to obtain the permission of an Owner whose Lot is contiguous to said Common Area. The fact that a Member or Owner shall not have access to certain Common Area from his or her Lot, Common Area or publicly dedicated streets or properties does not allow an Owner to avoid liability for assessments provided for in Article VI of this Declaration;

(i) The other provisions of this Declaration, the Articles and Bylaws.

Section 2. Common Area.

(a) Ownership. The Declarant hereby represents that the fee simple title to the Common Area has been or will be conveyed to the Association and the Association shall maintain the Common Area. In addition, any easement granted in favor of the Association shall be maintained by the Association in accordance with the terms of any such grant or dedication as if such easements were Common Areas; provided, however, the use and enjoyment of such easements shall be limited to the purpose for which they were intended. The Association shall be obligated to accept conveyance of any Common Areas or grants of easements from the Declarant as deemed necessary or advisable by Declarant. The Association shall have the right to promulgate rules and regulations for the use of Common Areas and such restrictions shall be enforceable against all Owners and their guests, tenants and invitees.

(b) Maintenance. The Association shall be responsible for the maintenance of the Common Areas in a continuous and satisfactory manner in good order, condition, and repair. In addition, the Association shall replace as scheduled any and all improvements situated on the Common Areas (upon completion of construction by Declarant), including, but not limited to, all landscaping, paving, drainage structures, signs, irrigation systems, sidewalks, fences, and other

structures, including entry features and perimeter walls, if installed or constructed by the Declarant or the Association, but excepting any public utilities or County improvements. The Association shall be authorized, but not required, to provide other services, such as the employment of stationary or patrolling guards within the Community and emergency repairs and other work on Lots reasonably necessary for the proper maintenance and operation of the Community and shall have easement rights necessary to perform same. All work pursuant to this Section and all expenses hereunder shall be paid for by the Association through Assessments as provided in this Declaration; provided, however, that the cost of any maintenance, repair or replacement caused by the negligent conduct of an Owner or its guest, tenants or other invitees or by the failure of an Owner to comply with the lawfully adopted rules and regulations of the Association shall be levied as an Individual Assessment against such Owner individually. No Owner may waive or otherwise escape liability for the assessments for such maintenance by non-use of the Common Areas or abandonment of his right to use the Common Areas.

(c) Rules and Regulations. The Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the Common Areas, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Sanctions may include reasonable monetary fines levied in accordance with the Declaration and applicable law and suspension of the right to vote. The Board of Directors shall, in addition, have the power to seek relief in any court for violations or to abate nuisances. Imposition of sanctions shall be as provided herein and in the Bylaws of the Association.

Section 3. Declarant's Reserved Rights. Notwithstanding any provision herein to the contrary, the property rights under this Article V shall be subject to:

(a) The right of Declarant to execute all documents and take such actions and do such acts affecting the Property or the Common Area which, in the Declarant's sole discretion, are desirable or necessary to facilitate the Declarant's or any Builder's actual construction or development, construction, sales and marketing of the Property. However, nothing contained herein shall authorize Declarant to take any action that will diminish the rights of any lienholder or the holder of any mortgage on any Lot or on the Common Area; take any action that will affect title to any of the Lots after conveyance to third parties; or unilaterally change the Declaration, Articles, Bylaws and Rules in violation of Chapter 720, Florida Statutes after the Class B Membership has terminated;

(b) Easements of record on the date hereof and any easements which may hereafter be granted by Declarant to any public or private utilities or governmental bodies for the installation and maintenance of cable television, electrical and telephone conduit and lines, sewers or water pipes, or any other utilities or services to any Lots within the Property or any portion of the Common Area or such easements as Declarant may determine are necessary or beneficial for the maintenance or preservation of the Property;

(c) The Declarant and Builders shall have full rights of ingress and egress to and through, and over and about the Property, including all Common Areas, during the Development Period and such additional period of time as Declarant or Builders are engaged in any construction or improvement work, sales, leasing or marketing of the Community on or within the Property, and the Declarant and Builders shall further have an easement thereon for

the purpose of storage of materials, vehicles, tools, equipment, etc., which are being utilized in such development or construction and for the use and maintenance of signs, banners, and the like being used in connection with the sale or promotion of the Property, or any portion thereof. The Declarant and Builders shall further have the right to operate and maintain models, sales centers and leasing offices and to operate and open gates and access to the Community to facilitate sales and marketing of the Community in Declarant's sole and absolute discretion. No Owner, his guests, employees, servants, agents and invitees shall in any way interfere or hamper Declarant, any Builder, or their agents, servants, employees, invitees, successors or assigns, in connection with such construction, development, promotion or sales activity; and

(d) The Declarant shall have full right to assign any or all of its right, title and interest in the Property, both as Declarant and as a Member of the Association, to another party by the execution and recording of a proper instrument in the Public Records of the County. This provision shall not, however, be construed to allow Declarant to assign a membership in the Association in a transaction separate from ownership of a Lot. Notwithstanding the foregoing, the Declarant, in its sole discretion, shall also have the right to grant a Builder certain rights reserved hereunder to the Declarant for the purpose of constructing Homes in the Community and conducting construction, sales and marketing thereof by executing an assignment of rights in favor of the Builder to be kept in the official records of the Association. Any such assignment of rights shall not impose any obligation of the Declarant hereunder on any such Builder unless obligations are expressly assumed by the Builder.

(e) Notwithstanding anything contained herein to the contrary, neither the Declarant, the Builders, nor the Association makes any representation whatsoever as to the commencement, completion or construction of any optional or recreation facilities within or upon the Property. Title to any portion of the Common Areas owned by Declarant may be transferred to the Association at any time, provided that title to all portions of the Common Areas owned by Declarant shall be transferred to the Association no later than the expiration of the Development Period. The transfer of title to any portion of the Common Areas to the Association shall be subject to: (a) all rights of Declarant, Builders, and other persons set forth in this Declaration; and (b) any restrictions or limitations contained in the instrument conveying such portion to the Association. THE ASSOCIATION AND THE MEMBERS SHALL BE OBLIGATED TO ACCEPT THE COMMON AREAS AND ANY IMPROVEMENTS LOCATED THEREON IN THEIR "AS-IS" CONDITION. THE DECLARANT MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, ALL OF WHICH ARE DISCLAIMED TO THE FULLEST EXTENT PERMITTED BY LAW, WITH RESPECT TO THE COMMON AREAS AND THE IMPROVEMENTS THEREON INCLUDING WITHOUT LIMITATION THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, THE CONSTRUCTION, DESIGN, ADEQUACY OF SIZE OR CAPACITY RELATED TO THE USE OF THE SAME, DATE OF COMPLETION OR FUTURE ECONOMIC PERFORMANCE OR OPERATION OF THE COMMON AREAS AND THE IMPROVEMENTS THEREON, INCLUDING ALL MATERIALS, FIXTURES, PERSONAL PROPERTY OR EQUIPMENT THEREIN.

Section 4. No Dedication to Public Use. Nothing contained in this Declaration shall be construed or be deemed to constitute a dedication, express or implied, of any part of the

Common Area for use by the public, except for access to and from and throughout the property described in the Plat or any additions thereto for emergency access, law enforcement and persons providing essential services to the Community and its Members.

Section 5. Incorporation of Easements by Reference. Reference in the respective deeds of conveyance, or any mortgage or trust deeds or other evidence of obligation, to the easements and covenants herein described shall be sufficient to create and reserve such easements and covenants to the respective grantees, mortgagees or trustees of said parcels as fully and completely as though said easements and covenants were fully recited and set forth in their entirety in such documents.

Section 6. Surface Water Management. It is acknowledged that the Surface Water Management System, drainage and storage system for the Property is one integrated system, and shall be owned and operated by the Association. Accordingly, those portions of the Surface Water Management System contained within the Property shall be deemed Common Area and an easement is hereby created over portions of the Property necessary for the surface water drainage and storage and for the installation and maintenance of the Surface Water Management System for the Property; provided, however that such easement shall be subject to improvements constructed within the Property as permitted by controlling governmental authorities from time to time. If, pursuant to the permitting requirements of any governmental authority, the Surface Water Management System for the Property is required to provide drainage for any other property, then such other property shall have an easement for drainage purposes into the Surface Water Management System for the Property. The Surface Water Management System of the Property shall be developed, operated, and maintained by the Association in conformance with the requirements of, and any permits or approvals issued by the WMD and any other controlling governmental authority, including, but not limited to, the Open Space Management Plan approved by the County. Specifically, such maintenance shall include (i) maintaining the Surface Water Management System in a sound condition at all times, (ii) removing dead landscaping materials promptly to assure public safety, (iii) maximizing outdoor water conservation, including limiting of irrigation and the number of permanent high volume irrigation systems (containing emitters with flow rates exceeding 0.5 gallons per minute), and (iv) operating irrigation systems in accordance with the Alachua County Irrigation Conservation Standards and Management Practices Code, Chapter 79. Except as hereafter provided, the Association shall maintain as a Common Expense the entire Surface Water Management System for the Property in accordance with the Permit, including but not limited to all inlets, ditches, lakes and canals, swale areas, retention areas, culverts, pipes, pumps, catch basins, water control structures, retention and detention areas, floodplain compensation areas, wetlands and associated buffer area, and mitigation areas, and all related appurtenances, and any littoral zones in any lakes or other waterway, regardless of whether or not same are natural or man-made within the Property or are owned by the Association. Such maintenance shall be performed in conformance with the requirements of any governmental authority, and an easement for such maintenance is hereby created. The Association will have the right, but not the obligation, to maintain any portion of the Surface Water Management System for the Property which is owned and/or maintained by any controlling governmental authority, or which is outside of the Property. The Association will have the right to enter into agreements with any controlling governmental authority or any other property owner or association for the common maintenance of the Surface

Water Management System serving the Property and any other property. The Property shall be required to accept surface water drainage from any other property pursuant to the requirements of any controlling governmental authority and an easement for such drainage is hereby created, and in connection therewith the Association will have the right, but not the obligation, to maintain any portion of the Surface Water Management System for such other property reasonably required in connection with the maintenance or operation of the Surface Water Management System for the Property.

ARTICLE VI

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments to be Paid to the Association. The Declarant, for each Lot owned by it within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance (including any purchaser at a judicial sale), is deemed to covenant, which covenant shall run with the land and be binding on every Owner, and agrees to pay to the Association: (1) any regular assessments or charges for the payment of operating expenses of the Association (including payment of property taxes which may be assessed against Common Area or any personal property which may in the future be owned by the Association) ("Regular Assessments" or "Annual Assessments"); and (2) any special assessments for improvements, or to fund any deficits between the amount collected for regular assessments in accordance with the annual budget and the amount determined necessary by the Association for the proper management and maintenance of the Common Area, together with other costs and/or expenses levied or imposed against the Association or property of the Association ("Special Assessments"); and (3) any individual assessments or charges incurred by the Association on behalf of one or more Lots but not all Lots ("Individual Assessments"). All of the foregoing assessments shall be collectively referred to as "Assessment" and such Assessments shall be fixed, established and collected from time to time as hereinafter provided. The Assessments, together with such interest thereon and costs of collection thereof, including attorney's fees, as hereinafter provided and any applicable late fee imposed by the Board of Directors of the Association, shall be a charge on the Property and shall be a *continuing lien* relating back to the date of recordation of the Declaration upon any Lot against which each such assessment is made, and said lien may be enforced in the same manner in which mortgages are enforced. Each such Assessment, together with interest, costs (including applicable late fees), and reasonable attorneys' fees for its collection, including attorneys' fees involved at all appellate levels and whether or not suit is instituted, shall also be the personal obligation of the person or entity who was the Owner of the Lot at the time when the Assessment becomes due. Each Owner shall be jointly and severally responsible with the previous Owner for all Assessments due to the Association prior to the transfer of title without prejudice to any right the present Owner may have to recover any amounts paid by the present Owner from the previous Owner.

Section 2. Purpose of Assessments. The Assessments to be levied by the Association shall be used for the purpose of promoting the recreation, health, safety, and welfare of the residents of the Property and shall specifically include, but not limited to: payment of all water or

utility charges for the Lots and Common Area billed through the master water meter or to the Association; any fees due under a bulk service agreement entered into on behalf of the Owners by the Association or Declarant; the maintenance of the Common Area and any improvements or equipment maintained by the Association; the payment of taxes and insurance for the Common Area; payment for the improvement and maintenance of the Common Area; and services and facilities related to the use and enjoyment of the Common Area. Special Assessments shall be used to fund capital improvements, deficits in the collection of Regular Assessments to cover operating expenses of the Association, and other purposes deemed necessary by a majority vote of Owners of the Association as set forth in Section 5 hereof. Individual Assessments shall be for the costs incurred by the Association which by nature are applicable only to one or more Lots, but less than all Lots. By way of example and not limitation, in the event an Owner fails to maintain their Lot in a manner required by the Governing Documents, the Association shall have the right, through its agents and employees, to enter upon the Lot and to repair, restore, and maintain the Lot and/or Home as required by the Governing Documents. The costs of any such repair, restoration and/or maintenance, plus the reasonable administrative expenses of the Association and any costs incurred in bringing a Lot and/or Home into compliance with the Governing Documents, shall be an Individual Assessment levied against such Lot

Section 3. Basis of Annual Assessments. For the initial year of operation of the Association, the monthly Annual Assessment shall be the amount as set forth in the estimated operating budget of the Association for the first year of operation. From and after January of the next operating year, the Annual Assessment shall be determined in accordance with the Articles of Incorporation and Bylaws of the Association taking into account current maintenance costs and future needs of the Association. Each Owner acknowledges the Association is responsible for the repair and maintenance of capital improvements that may result in a Special Assessment if reserves are not collected. The Declarant may initially establish reserve accounts. After the expiration of the Class B Membership, the Members of the Association may elect to collect or waive reserves upon the affirmative approval of a majority of the total voting interests of the Association obtained by a vote of the Members at a duly called meeting of the membership or by the written consent of a majority of the total voting interests of the Association. Reserve accounts shall be provided for in the budget and must designate the components for which the reserve accounts are to be established. Upon approval or waiver of reserves by the membership, the Board shall adjust the reserve accounts in the budget accordingly in the next fiscal year and each year thereafter. Once reserves are established as provided in this subsection, the reserve accounts must be maintained with the collection of Annual Assessments or have their funding waived in the manner provided by Chapter 720, Florida Statutes. Notwithstanding the same, reserves will not be funded by the Declarant for the Lots Declarant owns so long as Declarant is funding any deficits in operating costs pursuant to Section 12 herein.

Section 4. Uniform Rate of Assessment. Unless otherwise provided for herein, as to all Lots that have been conveyed from the Declarant or from a Builder to a third party purchaser other than a Builder and upon which a Home has been completed or is occupied, both Annual and Special Assessments must be fixed at a uniform rate for all Lots with a Home and may be collected on an annual, quarterly or monthly basis or at any other interval as determined by the Board of Directors. Payments of all Assessments will be made directly to the Association or its

designated management company and in no instance shall any mortgagees have the obligation to collect Assessments.

Section 5. Special Assessment for Capital Improvements. In addition to the Annual Assessment authorized above, the Association may levy in any assessment year, a Special Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, or to cover deficits in the collection of Regular Assessments to cover operating expenses of the Association; PROVIDED that any such Special Assessments shall have the assent of a majority of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than 15 days nor more than 60 days in advance of the meeting setting forth the purpose of the meeting.

Section 6. Quorum for Any Action Authorized Under Section 5. At each meeting called, as provided in Section 5 hereof, the presence of the meeting of Members or of proxies entitled to cast thirty percent (30%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, one additional meeting may be called, subject to the notice requirements set forth in Section 5 and the required quorum at any such subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Date of Commencement of Annual Assessments; Due Dates. The Annual Assessments provided for herein shall commence as to each Lot on the conveyance of the Lot by the Declarant to a third party purchaser other than a Builder. The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors of the Association shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period. Written notice of the Annual Assessment shall be sent to every Owner subject thereto together with the due date of such Assessments established by the Board of Directors. The Board of Directors, if necessary to insure cash flow, may institute reasonable late payment fees for delinquent payment of the Annual Assessment. The Association shall upon demand at any time furnish a certificate in writing signed by an officer of the Association setting forth whether the Assessments on a specified Lot have been paid. A reasonable charge, as determined in accordance with Florida law, may be made by the Board or its agent for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any Assessments which are not paid when due shall be delinquent. If the Assessment is not paid within ten (10) days (or such other period of time established by the Board) after the due date, an administrative late fee of the greater of Twenty-Five and no/100 Dollars (\$25.00) or 5% of the amount of the installment that is past due, together with interest in an amount equal to the maximum rate per annum allowable by law beginning from the due date until paid in full may be levied. The Association, acting through its Board of Directors, may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot to which the

Assessment is levied, and interest, costs and reasonable attorneys' fees, including at all appellate levels and whether or not suit is instituted, in collection or enforcement shall be added to the amount of such Assessment. Additionally, the Board of Directors of the Association may at its discretion accelerate the Assessments then due from a delinquent Owner for the next twelve (12) months. The Association may also notify any mortgagees or lenders of Owner, any co-borrowers and/or guarantor(s) without recourse to Declarant and/or the Association of delinquencies in the payment of Assessments. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Area or abandonment of his or her Lot. All payments on accounts shall be first applied to fines levied in accordance with the terms of the Declaration, interest accrued by the Association, then to any administrative late fees, then to collection costs and attorney fees, and then to the delinquent Assessments. The allocation of payments described herein shall apply notwithstanding any restrictive endorsement, designation or instruction placed on or accompanying a payment. Additionally, if a Home is occupied by a Lessee and the Owner is delinquent in the payment of Assessments, the Association may demand from the Lessee payment to the Association of all monetary obligations, including without limitation, Assessments due from the Owner to the Association. So long as the Owner remains delinquent, future rent payments due to the Owner may be collected by the Association and shall be credited to the monetary obligations of the Owner to the Association. If within fourteen (14) days from written demand of the Association, the Lessee provides the Association with written evidence of making prepaid rent payments, the Lessee shall receive credit for the prepaid rent for the applicable period of such prepaid rent.

Section 9. Individual Assessment Against a Particular Owner of Lot. In the event an Owner of any Lot in the Property shall fail to maintain the premises and the improvements situated thereon in accordance with the terms and conditions of the Declaration and any promulgated Rules in the manner satisfactory to the Board of Directors to a minimum standard of consistency with the general appearance of the Property as initially constructed and improved by the Declarant or a Builder (taking into account normal wear and tear and exposure to normal exterior conditions, but not to the point of unsightliness), the Association, after approval by a majority of the Board of Directors, shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain, and restore the Lot, and the exterior of the buildings and any other improvements erected thereon. The costs of such exterior maintenance performed on behalf of the Owner to which such Lot is subject shall be subject to an Individual Assessment for such expense; and said Individual Assessment shall be enforced in the same manner as provided for in Section 8. In addition, in the event any Owner, its guests, tenants or invitees cause any damage to the Common Areas, including the irrigation lines, landscaping, wetlands, Surface Water Management Systems, or sidewalks, such Owner shall be responsible for the cost of any repairs required to correct such damage and the cost thereof may be assessed to the Owner as an Individual Assessment.

Section 10. Subordination of the Lien to Mortgages. The lien of the Assessments provided for herein shall be superior to all other liens except tax liens and the liens of any bona fide Institutional First Mortgage to an Institutional First Mortgagee recorded prior to any lien for Assessments by the Association; provided, however, that said mortgage liens are first liens against the property encumbered thereby, subject only to tax liens, and secure indebtednesses payable in monthly, quarterly or annual payments over a period of not less than ten (10) years.

Section 11. Exempt Property. The following Property subject to this Declaration shall be exempt from the Assessments created herein: (a) any portion of the Property dedicated to and accepted by a local public authority; (b) the Common Area; (c) any portion of the Property which is designated and/or reserved for easements; and (d) any portion of the Property owned by a charitable or non-profit organization exempt from taxation by the laws of the State of Florida; however, no land or improvements devoted to dwelling use shall be exempt from said Assessments. In addition, Lots owned by the Declarant may be exempt from payment of Assessments during any period of time that Declarant is funding deficits in operating expenses in accordance with Section 12 hereof.

Section 12. Declarant's Right to Fund Operating Deficits. Notwithstanding any provision that may be contained to the contrary in this Declaration, for as long as Declarant is in control of the Association, the Declarant shall not be liable for Assessments against such Lots owned by the Declarant, provided that the Declarant funds any deficit in operating expenses exclusive of reserves, cost of capital improvements, and non-budgeted repairs or replacement. For the purposes hereof, a deficit shall be computed by subtraction from said operating expenses (exclusive of the items described in the foregoing sentence) all Assessments, contributions income, and other sums received or receivable by the Association. The Declarant may at any time commence to pay Assessments to the Lots that it owns and thereby automatically terminate its obligations to fund a deficit in the operating expenses of the Association, or any time or from time to time elect again to fund deficits as aforesaid. When all Lots within the Property are sold and conveyed to purchasers, the Declarant shall have no further liability of any kind to the Association for the payment of Assessments or deficits other than those that arose prior to such time. Should Declarant, in its sole discretion, elect to fund cash shortfalls caused by delinquencies or other matters which would not otherwise require deficit funds from the Declarant, such funds shall be considered a loan to the Association to be paid back to the Declarant by the Association. The Declarant's rights under this Section 12 shall not be construed as a guarantee of Assessments under Section 720.308(2), Florida Statutes.

Section 13. Surface Water Management System. The Association is responsible for assessing and collecting fees for the operation, maintenance, inspections and inspection reporting, mitigation and mitigation reporting, and, if necessary, replacement of the Surface Water Management System which is part of the Common Area. Fees shall be assessed and collected through Annual Assessments or other Assessment, if necessary. In the event the Community contains on-site wetland mitigation requiring monitoring and maintenance, the Association shall budget and collect sufficient funds for the monitoring and maintenance of the mitigation areas in accordance with the Permit.

ARTICLE VII

CAPITAL CONTRIBUTION

Section 1. Capital Contribution on Sale By Declarant. At the time of the closing of a Lot by the Declarant or a Builder to a third party purchaser other than a Builder, such third party purchaser shall pay to the Association the amount of \$250.00 at the time of the conveyance as a contribution to working capital. These monies (hereinafter called "**Capital Contribution**") shall be the Association's property, and shall be held by the Association through its Board of

Directors, pursuant to the powers described in the Articles and Bylaws. The Capital Contribution shall be deemed ordinary association income and need not be separated from or held or applied differently than assessments. No refund of a Capital Contribution will be made on re-sale. No capital contribution shall be due from a Builder when a Builder acquire a Lot for the purpose of constructing a Home thereon.

Section 2. Capital Contribution on Sale By Owner Other Than Declarant. At the time of the closing of a Home pursuant to a sale by an Owner other than Declarant or a Builder, each purchaser shall pay to the Association the amount of \$250.00 at the time of the conveyance as a Capital Contribution. These monies shall be the Association's property, and shall be held by the Association through its Board of Directors, pursuant to the powers described in the Articles and Bylaws. The Capital Contribution shall be deemed ordinary association income and need not be separated from or held or applied differently than assessments. No refund of a Capital Contribution will be made on re-sale.

ARTICLE VIII

ARCHITECTURAL CONTROL

Section 1. Review of Proposed Construction. Subject to Section 2 below, no improvement or alteration of any kind, including, but not limited to, a fence, wall or other addition, structure, or equipment (including exterior paint, roofing, landscaping, antennas, awnings, and shutters) shall be installed, painted, erected, removed or maintained within the Property, until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to, and approved in writing by, a majority of the Board of Directors of the Association. The Board of Directors of the Association shall approve proposals or plans and specifications submitted for its approval only if it deems that the construction, alterations or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Property and that the appearance of any improvement or other structure affected thereby will be in harmony with surrounding structures and improvements (or the surrounding area contemplated by Declarant, if within the Development Period) and it otherwise desirable. The Board of Directors of the Association may condition its approval of proposals and plans and specifications as it deems appropriate, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Board of Directors of the Association may also issue rules or guidelines setting forth procedures for the submission of plans for approval. The Board of Directors of the Association may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior materials and colors. Until receipt by the Board of Directors of the Association of any required plans and specifications, the Board of Directors of the Association may postpone review of any plans submitted for approval. The Board of Directors of the Association shall have forty-five (45) days after delivery of all required materials to approve or reject any such plans. During the period of time the Declarant appoints the majority of the Board, if an Owner's plans are not approved within such 45-day period, said plans shall be deemed not approved; provided, however, once Owners other than the Declarant elect a majority of the Board, if an Owner's plans are not approved within such 45-day

period, said plans shall be deemed approved. All changes and alterations shall be subject independently to all applicable governmental laws, statutes, ordinances, rules, regulations, orders and decrees. Any alteration or modification to the location and/or placement of exterior walls of any Home shall be further conditioned on compliance with the County ordinances and the obtaining of applicable governmental approvals, if any.

Section 2. No Waiver of Future Approvals. The approval of the Board of Directors of the Association of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the Board of Directors of the Association, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matters whether subsequently or additionally submitted for approval or consent.

Section 3. Liability of the Board of Directors of the Association. No member of the Board of Directors of the Association (or Declarant) shall be liable to any Owner or other person by reason of mistake in judgment, failure to point out deficiencies in plans, or any other act or omission in connection with the approval of any plans. Any Owner submitting plans hereunder by the submitting of same, agrees (i) not to seek any damages or make any claim arising out of approval of plans hereunder, and (ii) to indemnify and hold the Board of Directors of the Association, the Association and Declarant harmless from any cost, claim, damage, expense or liability whatsoever, including attorneys' fees and costs at all tribunal and appellate levels (and whether or not suit is instituted), arising out of the approval of any plans regardless of the negligence of the committee members, their representatives, or appointing entity.

Section 4. Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows:

(a) Upon the completion of any work for which approved plans are required hereunder the applicant for such approval ("**Applicant**") shall give written notice of completion to the Board of Directors of the Association.

(b) Within thirty (30) days thereafter, the Board of Directors of the Association (or its duly authorized representative) may inspect such completed work. If the Board of Directors of the Association finds that such work was not affected in substantial compliance with the approved plans, it shall notify the Applicant in writing of such noncompliance within such thirty (30) day period, specifying the particulars of noncompliance, and shall require the Applicant to remedy the same.

(c) If an Applicant is notified of any noncompliance, the Applicant shall remedy or remove the same within a period of not more than forty-five (45) days from the date of announcement of the Board ruling. If Applicant does not comply with the Board of Directors of the Association ruling within such period, the Board, at its option, may either remove the noncomplying improvement or remedy the noncompliance (an easement therefore being hereby created), and Applicant shall reimburse the Association, upon demand, for all expenses incurred in connection therewith. This amount, together with interest thereon at the rate of eighteen (18%) percent per annum from the date the noncompliance was to have been remedied or removed, the maximum late fee allowed under Florida Statutes for each month that a violation

exists if payment is not made within thirty (30) days after announcement, and all costs and reasonable attorneys' fees incurred by the Association in collection, enforcement or abatement, as appropriate (including attorneys' fees incurred at all appellate levels and whether or not suit is instituted) shall be a personal obligation of Owner and shall not pass to the successors in title of Owner unless expressly assumed by such successors. Such amount (including interest, costs, late fees and attorneys' fees as provided above) shall also be a *continuing lien* and run with the land on the Owner's Property if not paid within thirty (30) days after notice enforceable in the same manner in which mortgages are enforced by foreclosure, or by bringing an action at law or equity against the Owner.

(d) If for any reason the Board of Directors of the Association fails to notify the Applicant of any noncompliance within forty-five (45) days after receipt of written notice of completion from the Applicant, the improvement shall be deemed to have been made in accordance with the approved plans.

Section 5. Variances. The Board of Directors of the Association may authorize variances from compliance with any of the architectural provisions of this Declaration when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. Such variance must be evidenced in writing and must be signed by at least two (2) members of the Board of Directors of the Association. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular property and particular provisions hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting his use of the Lot and Home, including, but not limited to, zoning ordinances and lot setback lines or requirements imposed by any governmental or municipal authority.

Section 6. Architectural Control Committee. The Board of Directors of the Association may assign all of its responsibilities under Article VIII to an Architectural Control Committee to be appointed by the Board of Directors of the Association (the "ACC").

Section 7. Declarant's Exemption. Notwithstanding anything to the contrary, this Article does not apply to the Declarant and such exemption may be non-exclusively assigned by the Declarant to a Builder. Any such assignment shall not modify or diminish the Declarant's exemption hereunder. Notwithstanding anything to contrary, the Declarant shall have the right to approve any of the foregoing for any Builder in lieu of the Association. The Declarant's review and approval of any Builder plans shall be deemed approval of the ACC and the Association and such approval may not be revoked or modified.

ARTICLE IX

USE RESTRICTIONS

Section 1. Use of Lots.

(a) No Lot shall be used for any purpose other than for residential purposes. The occupancy of each Home shall be limited to the maximum number of persons allowable in accordance with Federal Regulations and local ordinances based on the size and configuration of the Home. No building shall be erected altered, placed or permitted to remain on any Lot other than a Home, related appurtenances, and other structures originally constructed by the Declarant or in accordance with ACC approval.

(b) Each Home must contain at least one thousand five hundred square feet (1500 s.f.) of air-conditioned area under roof, exclusive of garages, screened areas, porches, terraces or patios.

Section 2. Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, barn, shed or other out-building shall be placed or used on any Lot without the approval of the ACC. NO such structures shall at any time be used as a residence or appurtenance to such residence, either temporary or permanent. The foregoing shall not apply to temporary construction trailers or other temporary structures used by the Declarant or Builders.

Section 3. Offensive Activities. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the Community, or any matter which affects the health, safety or welfare of the owners or occupants of the Property, in the Association's reasonable discretion.

Section 4. Pets. No pets, livestock or poultry shall be kept, maintained, or bred in any Home or elsewhere within the Property, except for fish in an aquarium and birds in cages maintained in the interior of the Home and not more than a total of two (2) domestic dogs (other than dogs which in the reasonable determination of the Board of Directors or under applicable codes or regulations are determined to be a threat to the safety of the occupants of the Property which shall not be allowed under any circumstances in the Property) or two (2) domestic cats shall be permitted to be kept in a Home or Lot, provided such animals are not kept, bred or raised for commercial purposes. Notwithstanding the foregoing, the Board of Directors shall specifically have the power to either permit additional domestic dogs or cats to be kept as pets by an Owner if in the determination of the Board such pets shall not cause or be deemed by the Board of Directors to constitute a nuisance to any other Owner in the determination of the Board of Directors. Each person bringing or keeping a pet within the Property shall be absolutely liable to the Association, other Owners and their invitees for any damage to persons or property caused by any pet brought upon or kept upon the Property and it shall be the duty and responsibility of each such Owner to clean up after such animals which have deposited droppings or otherwise used any portion of the Property or public street abutting or visible from the Property. Animals belonging to Owners or invitees of any Owner must be kept within an enclosure or, on a leash held by a person capable of controlling the animal. No pets shall be "tied out" in a yard or on a porch or patio and left unattended for any extended period of time. The Association shall have the right to promulgate Rules and Regulations relating to animals and the right to restrict or require removal any such animals determined by the Board or applicable coders or regulations to constitute a nuisance or danger to the Community. In addition, all pet owners shall be required to maintain at all times adequate homeowners' insurance coverage for any and all liabilities

related to the pet(s) owned and kept on the Lot, which insurance shall name the Association as an additional insured. Proof of such insurance coverage shall be provided by the Owner to the Association upon reasonable request not more than one time per calendar year. If such coverage is not provided as required herein, the Association shall have the right to require the pet to be removed from the Lot until the appropriate insurance coverage is obtained.

Section 5. Signs. During the time period Declarant owns any Lot within the Property, no sign of any kind shall be displayed to the public view on any Lot, except one sign not larger than 2" X 3" and placed in one ground floor window or one second story window advertising that property is for sale, except signs used by the Declarant and Builders to advertise the Property during the construction and sale of Homes. Once the Declarant has conveyed all Lots it owns within the Property, signs not more than 18" x 24" may be used to advertise that the property is for sale or for rent. The location of such sign as well as the color, materials, and other aesthetic features of such sign shall be set forth in the ACC guidelines or Rules by the Board or ACC. Signs used by the Declarant or Builders to advertise the Property during the Development Period are specifically excluded from the terms of this Section.

Section 6. Garbage. No Lot shall be used or maintained as a dumping ground for rubbish. All trash and garbage shall be regularly removed from each Lot and shall not be allowed to accumulate thereon. Trash, garbage or other waste shall be kept in sanitary, covered containers. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. In no event shall such equipment and/or containers be visible from the Common Area streets, from neighboring Property or within property contained in the Plat, except for a reasonable time immediately prior to and after scheduled trash collection, and in all events in compliance with the County Code.

Section 7. Storage of Personal Property. No garments, rugs, towels or blankets or any other materials may be hung, exposed or dusted from the windows or from the front facade of any Home. Further, unless otherwise specifically prohibited by applicable local, State or Federal law, no outside clotheslines or other facilities for drying or airing clothes shall be erected in the front yard, side yard or back yard of any Home. All personal property of Owners or other occupants shall be stored inside; provided, however, patio furniture or other personal property which is specifically for the use and enjoyment of designated outdoor areas of the Home shall be permitted.

Section 8. Parking. Parking in the Community is strictly limited to designated driveways, garages and designated guest parking spaces. There shall be no parking on the grass, the streets or any portion of any sidewalk which is not part of a designated driveway. An Owner may park in the Home's garage or in the driveway on the Lot. Car covers are prohibited and license tags on all vehicles must be current. No vehicle which cannot operate on its own power shall remain in the Community for more than twenty four (24) hours, except in the garage of a Home. No repair or maintenance, except for emergency repairs of vehicles shall be made unless in the garage of a Home. No vehicles shall be stored on blocks. No tarpaulin covers on vehicles shall be permitted anywhere within the public view. Any truck over 1 ton, trailer, commercial vehicle, recreational vehicle, boat, rowboat, canoe, jet ski or boat trailer shall not be permitted to be parked outside of an enclosed garage. This restriction shall not be deemed to limit service vehicles whose purpose is to perform maintenance and delivery service to the Owners or the

Association during normal working hours or for work performed for the Declarant or the Association which are necessary in the development, maintenance or management of the Association. The term "commercial vehicle" includes trucks and vehicular equipment or other vehicles which are used or which are ordinarily intended to be used for commercial purposes or which contain materials regularly used in trade or business. No vehicles displaying commercial advertising shall be parked within the public view. Automobiles issued by the County or other governmental entity (i.e., police cars), such automobile shall not be deemed to be a commercial vehicle and may be parked in the garage or driveway of the Lot. No vehicle shall be used as a domicile or residence either temporarily or permanently. No all-terrain vehicles (ATVs), golf carts, scooters or mini motorcycles are permitted at any time on any paved surfaces forming a part of the Common Areas. Notwithstanding any other provision in this Declaration to the contrary, the foregoing restrictions shall not apply to construction vehicles utilized in connection with construction, improvement, installation, or repair by Declarant, or its agents. Subject to applicable laws and ordinances, any vehicle parked in violation of these or other restrictions contained herein, the Association is authorized to order the towing of any vehicle (at said vehicle owner's expense) for a violation of this Section if a vehicle remains in violation of this Section for a period of twenty-four (24) hours from the time a notice of violation is placed on the vehicle or if such a vehicle was cited for such violation within the preceding fourteen (14) day period. Each Owner by acceptance of title to a Home irrevocably grants the Association and its designated towing service the right to enter a Lot and tow vehicles in violation of this Declaration. Neither the Association nor the towing company shall be liable to the owner of such vehicle for trespass, conversion or otherwise, nor guilty of any criminal act, by reason of such towing or removal and once the notice is posted, neither its removal, nor failure of the owner to receive it for any other reason, shall be grounds for relief of any kind. By accepting title to a Home, the Owner provides to the Association the irrevocable right to tow or remove vehicles parked on the Owner's Lot and Common Area which are in violation of this Declaration. An affidavit of the person posting the foresaid notice stating that it was properly posted shall be conclusive evidence of proper posting. This section shall not apply to vehicles used by Declarant and/or Builders in connection with their development, construction, sales, and marketing activities in the Community.

Section 9. Septic Tanks. No septic tanks or individual wells will be permitted on any Lot.

Section 10. Garages. No garage may be improved for purposes of making same a living area, nor shall garage doors be removed except for replacement (in which case the Owner must obtain approval of any replacement door from the Board of Directors of the Association). No garage may be used for the operation of a business or for any commercial purpose of any kind.

Section 11. Window Coverings. No external window covering, reflective window covering or iron or decorative bars(either interior or exterior) may be placed or permitted to remain on any window of any building without the prior written approval of the Board of Directors of the Association. Window treatments shall consist of drapery, blinds, decorative panels, or other window covering, and no newspaper, aluminum foil, sheets or other temporary window treatments are permitted, except for periods not exceeding one (1) week after an Owner

or tenant first moves into a Home or when permanent window treatments are being cleaned or repaired. No security bars shall be placed on the windows of any Home without prior written approval of the ACC. No awnings, canopies or shutters shall be affixed to the exterior of a Home without the prior written approval of the ACC. No reflective tinting or mirror finishes on windows shall be permitted unless approved by the ACC. Window treatments facing the street shall be of a neutral color, such as white, off-white or wood tones. Window or wall air conditioner units are prohibited.

Section 12. Flags. No flags or banners other than a Flag permitted by Chapter 720.304, Florida Statutes, or other local, state or federal law, which must be displayed in a respectful manner and which is subject to reasonable standards for size, placement and safety as may be adopted by the Association will be permitted. The foregoing sentence shall not apply to the Declarant.

Section 13. Reconstruction. In the event that a Home or other improvement is damaged or destroyed by casualty loss or other loss, then the Owner thereof shall commence to rebuild or repair the damaged Home or improvement in accordance this Declaration within 6 months of the date of the loss. As to any such reconstruction of a destroyed Home or improvements, the same shall only be replaced as approved by the ACC. Notwithstanding anything to the contrary herein, to the extent that insurance coverage obtained and maintained by the Association covers such casualty destruction, the Owner of such damaged or destroyed Home shall not perform any activities that would negate such coverage or impair the availability of such coverage.

Section 14. Business Activities. Except for normal construction activity, sale, and re-sale of a Home, sale or re-sale of other property owned by Declarant, administrative offices of Declarant, no commercial or business activity shall be conducted in the Community that disrupts the residents, including without limitation, within any Home. Notwithstanding the foregoing, and subject to applicable statutes and ordinances, an Owner may maintain a home business office within a Home for such Owner's personal use; provided, however, business invitees, customers, and clients shall not disrupt the residential nature of the Community unless the Board provides otherwise in the Rules and Regulations. No Owner may actively engage in any solicitations for commercial purposes within the Community. No solicitors of a commercial nature shall be allowed within the Community, without the prior written consent of Association. No day care center, child care, elder care or other assisted living facility may be operated out of a Home. No garage sales are permitted, except as permitted by Association.

Section 15. Telecommunications. No exterior visible antennae, radio masts, towers, poles, aerials, satellite dishes, or other similar equipment shall be placed on any Home or Lot without the prior written approval thereof being first had and obtained from the ACC as required by this Declaration. The ACC may require, among other things, that all such improvements be screened so that they are not visible from adjacent Homes, or from the Common Areas. No Owner shall operate any equipment or device which will interfere with the radio or television reception of others. All antennas not covered by the Federal Communications Commission ("FCC") rules are prohibited. Installation, maintenance, and use of all antennas shall comply with restrictions adopted by the Board and shall be governed by the then current rules of the FCC.

Section 16. Fences. No Owner shall be permitted to install a fence to enclose any portion of the Lot without the prior approval of the Board or ACC in accordance with Article VIII, which shall approve the material, location and height. Any perimeter fences or fences along the rear lot line of two Lots with a common rear lot line originally installed by the Declarant or the Association shall be maintained by the Association for the benefit of all Owners. All other fences located on a Lot or approved fences installed by an Owner or Owners shall be maintained by the Owner or Owners of such benefitted Lots at such Owner's or Owners' sole cost and expense.

Section 17. Hurricane Shutters. Any hurricane shutters or other protective devices visible from outside a Home shall be of a type as approved by the ACC. Panel, accordion and roll-up style hurricane shutters may not be left closed during hurricane season. Any such approved hurricane shutters may be installed upon forty-eight (48) hours prior to the expected arrival of a hurricane and must be removed within seventy-two (72) hours after the end of a hurricane watch or warning or as the ACC may determine otherwise. Except as the Board may otherwise decide, shutters may not be closed at any time other than a storm event.

Section 18. Water Bodies. No Owner shall use any bodies of water located within the Community for recreational purposes, including boating, jet skiing, or any other types of water sports. Swimming in any body of water within the Community is prohibited. No planting, fencing or other improvements or additions to the landscape area or grassed area surrounding any body of water in the Community and within the maintenance easements surrounding the bodies of water are permitted. No installation of sand or other materials intended to simulate a beach shall be permitted along the lake banks, within the maintenance easements surrounding the lake or rear yards of Lots adjacent to the lakes. The Association has the right to further restrict use of bodies of water in the Community in promulgated Rules established by the Association. BY ACCEPTANCE OF A DEED TO A HOME OR LOT, EACH OWNER ACKNOWLEDGES THAT THE WATER LEVELS OF ANY WATER BODIES IN THE COMMUNITY MAY VARY FROM TIME TO TIME. THERE IS NO GUARANTEE BY THE DECLARANT OR ASSOCIATION AND ANY OF THEIR OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES, MANAGEMENT AGENTS, CONTRACTORS OR SUBCONTRACTORS THAT WATER LEVELS WILL BE CONSTANT OR AESTHETICALLY PLEASING AT ANY PARTICULAR TIME. AT TIMES, AREAS IN THE COMMUNITY WHICH ARE DESIGNED TO RETAIN WATER, MAY HAVE LITTLE TO NO WATER RETENTION AND WATER LEVELS MAY BE NON-EXISTENT.

Section 19. Exemptions. Notwithstanding anything to the contrary, any restrictions contained in this Article that would disrupt the construction, sales, and marketing of Homes in the Community shall not apply to the Declarant or Builders.

ARTICLE X

EASEMENTS

Section 1. Public Service. Easements are reserved over each Lot and the Common Area for public service purposes including but not limited to, police protection, fire protection, emergency services, postal service and meter reading.

Section 2. Utilities. Easements for ingress and egress and for the installation and maintenance of all irrigation lines, utilities, Surface Water Management Systems and drainage facilities, landscaping, irrigation, fencing, signage, and street lighting are reserved on and over each Lot and the Common Area in favor of the Association and other entities with maintenance responsibilities related to the same. Such easements are reserved for their intended purpose and shall not be removed by subsequent Owners. The right is also reserved to the Declarant and the Association to create additional utility easements by separate instrument as may be required from time to time.

Section 3. Encroachments. Notwithstanding any other provisions contained in this Declaration, in the event that any Home, as constructed by the Declarant or a Builder on a Lot, encroaches upon any portion of the Common Area or adjoining Lot, then a perpetual easement appurtenant to such Lot shall exist for the continuance of any such encroachment on the Common Area or adjoining Lot. In the event any fence, roof, overhanging roof, or portion of the Home, as constructed upon any Lot by Declarant or a Builder, encroaches or overlaps upon any other Lot or the Common Area, then, in such event, a perpetual easement appurtenant to the Lot upon which the fence, roof, overhanging roof, or Home is construction shall exist for the continuation of any such encroachment or overlapping upon the adjoining Lots and Common Area.

Section 4. Drainage. The Association shall have the responsibility to maintain all drainage easements, drainage facilities and drainage pipes and equipment within the Property and the expense for same will be a common expense of the Association. Drainage Easements shall not contain permanent improvements, including but not limited to sidewalks, driveways, impervious surfaces, patios, decks, pools, air conditioner equipment, structures, poles, fences, sprinkler systems, trees, shrubs, hedges or landscaping other than grass, except for landscaping of the Surface Water Management System as required by the Permit or the County.

Section 5. Common Area Maintenance. An easement is reserved over the Property, including each Lot, in favor of the Association for maintenance of the Common Area and to allow the Association to fulfill any and all of its maintenance obligations hereunder.

Section 6. Declarant and Builders. An easement is reserved over the Property, including each Lot, in favor of the Declarant for the purpose of carrying out any obligations of the Declarant under the terms of this Declaration or any governmental permit, order or applicable law in connection with the development of the community and construction of Homes therein. In addition, the Declarant and Builders shall also have an easement over, upon, across, and under the Property as may be required in connection with the development of the community and construction of Homes, including the right to use all roads and rights of way for vehicular and pedestrian ingress and egress for construction and maintenance purposes. Further, the Declarant and Builders shall have an easement to use all portions of the Property, including Common Areas, for all types of promotional and sales activity in connection with marketing, sales, and leasing of Homes in the Community. The easements created by this section shall be broadly construed and supplement other rights of the Declarant herein, running with the land until such time as the Declarant no longer owns any Lots in the Community and all of the Declarant's obligations hereunder are satisfied.

Section 7. Maintenance of Easement Areas. Within the easement areas hereby reserved or created, or shown on the Plat of the Community, or within any designated common areas containing any component of the Surface Water Management System, no digging, excavation, depositing fill material, debris or any other material or item, or altering any water control structure, or any other construction to modify the Surface Water Management System shall be allowed, and no permanent structure may be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may change the direction of flow or drainage canals in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The area of each Lot upon which an easement is located shall be maintained continuously by the Owner of the Lot, except that those improvements which are the property of a public authority or utility company shall be maintained by such authority or utility company.

Section 8. Right of Entry. The Association, through its duly authorized employees, agents or contractors, shall have the right after reasonable notice to the Owner thereof, to enter any Lot at any reasonable hour of the day to perform such maintenance, replacement or repair of the Surface Water Management System, or any other items, as may be authorized herein. In the event of any emergency which might reasonably result in damage to any Lot or the improvements located thereon, the Association shall have the right to enter any Lot as may be reasonably necessary to resolve such emergency without prior notice to the Owner thereof. Any such entrance by the Association shall not be deemed to be a trespass upon such Lot.

ARTICLE XI

COVENANTS FOR HOME MAINTENANCE

Section 1. Maintenance of Homes. Each Owner shall be responsible for maintaining, repairing, and replacing of the Home and all other improvements situated on his Lot in a clean, sanitary, neat, safe and orderly condition, including without limitation, all obligations for interior maintenance, for repair or replacement of walls, roofs, windows, gutters, downspouts, skylights, doors, air-conditioning or water softening fixtures or equipment, or any equipment, facilities or other items whatsoever installed within or placed upon any Lot by any Owner, including its agents, or other designees, and/or any other maintenance obligations designated as the Owners' responsibilities from time to time in the Governing Documents. Each Owner shall also maintain, repair and replace its own mailbox; provided, however, any common mail kiosks shall be maintained, repaired and replaced by the Association. It will also be the duty of each Owner to maintain in good repair any driveway servicing his or her Lot. The Owner shall obtain the written consent of the Association prior to making any modifications requiring approval under Article VIII hereof. If any Owner breaches these covenants, the Association may enforce these covenants in accordance with the provisions of this Declaration.

Section 2. Lawn Maintenance. It shall be the duty of each Owner to perform regular and routine lawn maintenance as well as regularly cut the grass located on the Owner's Lot at the Owners' expense. The Owner shall promptly replace any grass that has died or otherwise requires replacement. In the event an Owner fails to adequately maintain the lawn, cut the grass on the Lot or replace dead grass, or adequately maintain swales, after reasonable notice and the opportunity to do the required maintenance or replacement, the Association shall have the right

to enter upon the Lot and perform necessary lawn maintenance, replacement or cut the grass or maintain the grade of the swales. The Association is hereby granted an easement over and across each Owner's Lot for the purpose of maintaining and cutting the grass and maintaining the swales, if necessary, and the Owner shall not place any obstruction, fence, wall, tree or shrubbery on such ground without the consent of the Association. The Owner shall be responsible for all costs incurred by the Association in exercising its rights to do maintenance or replacement of the lawn and landscaping on the Owner's Lot and shall promptly reimburse the Association within ten (10) days after receipt of an invoice from the Association for such maintenance. All such costs shall be deemed an Individual Assessment on such Lot. In addition, the Declarant has constructed a drainage swales which are part of the Surface Water Management System upon some Lots for the purpose of managing and containing the flow of excess surface water, if any, from time to time. Each Owner, including Builders, shall be responsible for the maintenance, operation and repair of the drainage swales on its Lot. Maintenance, operation and repair shall mean the exercise of practices, such as mowing and erosion repair, which allow the drainage swales to provide drainage, water storage, conveyance or other stormwater management capabilities as permitted by the WMD. Filling, excavation, construction of fences or otherwise obstructing the surface water flow in the swales is prohibited. No alteration of the Surface Water Management System, including on Lot drainage swales, shall be authorized and any damage to the same, whether caused by nature or by an Owner or an Owners guest, tenants or invitees, shall be repaired by the Owner of the Lot upon which the drainage swale is located and returned to its as-built conditions by the Owner at the Owner's expense. In the event an Owner fails to perform the required drainage swale maintenance, the Association is hereby granted an easement over and across each Owner's Lot for the purpose of maintaining the drainage swale, if necessary. The Owner shall be responsible for all costs incurred by the Association in exercising its rights to do maintenance or replacement of the drainage swale on the Owner's Lot and shall promptly reimburse the Association within ten (10) days after receipt of an invoice from the Association for such maintenance. All such costs shall be deemed an Individual Assessment on such Lot.

Section 3. Irrigation. It shall be the duty of the Association to maintain the irrigation system for the Community Common Areas and within any landscape easements or buffers which are the Association's responsibility at the Association's expense. The cost of maintenance of such portion of the irrigation system shall be assumed by the Association for the benefit of the entire Property and such costs shall be considered with the budget as part of grounds' maintenance charged as a Common Expense. It shall be the duty of each Owner to maintain any irrigation lines and equipment located on and servicing a Lot at the Owners' expense. The Association is hereby granted an easement over and across each Owner's Lot for the purpose of installing the irrigation system. No Owner shall place any obstruction, fence, wall, tree or shrubbery over the irrigation system without the consent of the Association. An Owner shall be responsible for payment of water charges, which may be billed by separate meter to each Owner or billed to the Association through a master meter and paid as a Common Expense. An Owner shall be responsible for payment of any costs related to the repair and/or replacement necessary as a result of any damage done to the irrigation system, whether on the Owner's Lot, the Common Area, or within a landscape easement or buffer caused by Owner, any member of Owner's family, any guests, invitees, tenants, contractors, workers or agents of Owner. Each Owner acknowledges that due to water quality, irrigation systems may cause staining on Homes,

other structures, or paved areas. It is each Owner's responsibility to treat and remove any such staining at the Owner's expense. The Owner shall be responsible for all costs incurred by the Association in maintaining the irrigation system on the Owner's Lot (excepting any portion within a dedicated landscape easement or buffer) and shall promptly reimburse the Association within ten (10) days after receipt of an invoice from the Association for such maintenance. All such costs shall be deemed an Individual Assessment on such Lot.

Section 4. Landscaping. The Association shall only be responsible for the maintenance of landscaping on the Common Areas or within any landscape easements or buffer installed to comply with governmental requirements by the Declarant or by the Association. Such maintenance shall include routine trimming, weeding and pruning of the landscaping. Each Owner shall be solely responsible for all maintenance and replacement of all landscaping installed on the Lot. The Owner shall promptly replace any landscaping that has died or otherwise requires replacement at the Owner's sole expense. The Association is hereby granted an easement over and across an Owner's Lot for the purpose of maintaining the landscaping on the Common Areas or within any landscape easements or buffer in accordance herewith. Owners hereby acknowledge the landscape material on the Property and within any landscape easement or buffer is intended to fulfill required landscape buffer requirements. Owners shall not cut or remove any landscape materials on landscape easements, landscape materials installed by the Declarant or the Association or any landscape materials required to remain pursuant to a permit or other governmental regulation. Any Owner violating the restrictions of this section resulting in landscaping needing to be repaired or replaced will be charged the cost of such work. All such costs shall be deemed an Individual Assessment on such Lot.

Section 5. Insurance. Each Owner of a Lot shall obtain insurance coverage upon the Lot insuring the Home and any improvements located thereon in an amount equal to the maximum insurable replacement value. Such coverage shall afford protection against (i) loss or damage by fire, hurricane, tornado, wind-storm, or other hazards covered by a standard extended coverage endorsement, and (ii) such other risks as from time to time shall be customarily covered with respect to similar construction, location and use as the Home including but not limited to vandalism and malicious mischief. Such coverage shall name the Association as an additional insured party. The Owner shall furnish proof of insurance to the Association at the time of purchase of a Lot and shall furnish proof of renewal of such insurance on the anniversary date thereof. In addition, any Owner owning or keeping a pet on a Lot shall also obtain and maintain adequate homeowners' insurance to cover pet liability, naming the Association as an additional insured.

Section 6. Exterior Painting and Pressure Cleaning. Each Owner shall be responsible for exterior painting and pressure cleaning of the Home and improvements thereon as required by the Association in accordance with this section. It is anticipated that the Association shall require all Homes to be painted every five to seven years. In addition, it is anticipated that the Association shall require the roof, exterior walls, sidewalks, patios and driveways of all Homes to be pressured washed every three years. The Board shall convene a duly noticed meeting to determine when the uniform exterior painting and pressuring washing shall be required for all Homes in the Community and each Owner shall have at least 120 days to commence the work after the Association provides written notification of required painting or cleaning. Each Owner

shall have the right to paint or clean more frequently than required by the Association, provided that prior written approval of paint color is obtained from the Board. Notwithstanding the foregoing, by majority vote of the Members at a duly notice meeting, the Association may enter into a contract for painting or pressuring washing of all Homes in the Community and charge each Owner its equal share of the cost thereof as a Special Assessment. If any Owner fails or refuses to paint or pressure wash its Home or other improvements as required herein, the Association may perform the work and charge the Owner the cost thereof as an Individual Assessment.

ARTICLE XII

COVENANTS RELATING TO FIRST MORTGAGEES

Section 1. The following actions will require the prior written approval of two-thirds (2/3) of the holders of record of Institutional First Mortgages on Lots within the Property, (based upon one (1) vote for each Institutional First Mortgage holder): the abandonment, partition, subdivision, encumbrance, sale or transfer of the Common Area by the Association, other than the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area; a material change in the method of determining the assessments or other charges that may be levied against an Owner; the failure of the Association to maintain fire and extended coverage on any insurable improvements hereafter on the Common Area and any insurable improvements thereon in an amount that shall not be less than one hundred (100%) percent of the insurable value, based on the current replacement costs; the use of the insurance proceeds paid to the Association for any loss to the Common Area, or the improvements thereon, for any purpose other than the repair, replacement or reconstruction of the Common Area and the improvements thereon; the amendment of the Declaration in any manner which materially affects or impairs the rights of an Institutional First Mortgagee; the conveyance, encumbrance or hypothecation in any manner of the Common Area.

Section 2. An Institutional First Mortgage encumbering any Lot in the Property may singly or jointly with other Institutional First Mortgagees: pay the taxes or other charges which are in default and which may or have become a charge against the Common Area; pay overdue premiums on hazard insurance policies for the Common Area; or secure new hazard insurance coverage for the Common Area after lapse of the existing coverage. In the event any Institutional First Mortgagee makes any of the aforementioned payments, such Institutional First Mortgagee shall be entitled to immediate reimbursement from the Association for the payments advanced, and such Mortgagee shall be subrogated to the assessment and lien rights of the Association against the Owners for the repayment of such advance, and the expense of making such reimbursement to the Institutional First Mortgagee shall be deemed a common expense of the Association.

Section 3. No provision of this Declaration shall be interpreted to give an Owner, or any other party, priority over the rights of any Institutional First Mortgagee pursuant to the terms of its Mortgage on any Lot on the Property in the event of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

Section 4. Any Institutional First Mortgagee of a Lot on the Property who obtains title to a Lot pursuant to the remedies provided in said Mortgagee's Institutional First Mortgage on that Lot, or obtains title by deed in lieu of foreclosure, shall not be jointly and severally liable with the prior owner for unpaid assessment or charges accrued against said Lot prior to the acquisition of title to said Lot by such Mortgagee; however, such Mortgagee, or its successors or assigns as a subsequent holder of the first mortgage, acquiring title to a Lot by foreclosure or by deed in lieu of foreclosure, shall be liable for the unpaid Assessments that became due before the mortgagee's acquisition of title in the amount equal to the lesser of (i) the Lot's unpaid Assessments that accrued or came due during the 12 months immediately preceding the acquisition of title and for which payment in full has not been received by the Association; or (ii) one percent of the original mortgage debt on the Lot. The limitations on Assessment liability for Institutional First Mortgagees obtaining title through foreclosure provided by this paragraph apply only if the Institutional First Mortgagee filed suit against the Owner and initially joined the Association as a defendant in the mortgagee foreclosure action. Joinder of the Association is not required if, on the date the complaint is filed, the Association was dissolved or did not maintain an office or agent for service of process at a location that was known to or reasonably discoverable. Institutional First Mortgagees shall be responsible for all Assessments on the Lot as of the date of acquisition, including any Special Assessment or Individual Assessment assessed or coming due after the date of acquisition of title to the Lot.

Section 5. The Institutional First Mortgagee of any Lot on the Property is entitled, upon request, to written notification from the Association of any default in the performance by the Owner of any of such Owner's obligations pursuant to the terms of this Declaration, which default is not cured after sixty (60) days notice to such Owner.

Section 6. Any Institutional First Mortgagee who acquires title to any portion of the Property by way of foreclosure, deed in lieu of foreclosure, or otherwise, shall be entitled to any exemption from the restrictions on sales and leasing of Homes and Lots to the same extent that Declarant would be exempt from such restrictions.

ARTICLE XIII

LEASE AND OCCUPANCY RESTRICTIONS

Section 1. Leases. All leases shall be in writing and a copy of such lease shall be provided to the Association for review. All leases shall provide that the Association shall have the right to terminate the lease in the name of and as agent for the lessor upon default by tenant in observing any of the provisions of the Declaration, the Articles of Incorporation, Bylaws of the Association and applicable rules and regulations, if any. The Owner or lessee requesting the review shall pay to the Association or its management agent a fee of One Hundred and No/100 (\$100.00) Dollars or the maximum amount permitted by the Florida Statutes, to cover the costs of reviewing the lease. No lease shall be approved for a term of less than seven (7) months. No Home may be leased more than two (2) times in any calendar year unless otherwise approved by Association in the case of hardship. The prior review of the Association for a lease shall not apply to Lots and/or Homes acquired by an Institutional Mortgagee who has acquired title to the Lot and/or Home through foreclosure or deed in lieu of foreclosure. The Owner will be jointly and severally liable with the tenant to the Association for any sum which is required by the